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SUBJECT: MINISTERS ASSURE U.S., OSCE AND UNHCR REFUGEE
HOUSING ON TARGET

REF: ZAGREB 00642 AND PREVIOUS

¶1. (SBU) SUMMARY AND COMMENT: Two key Ministers with responsibility for refugee return issues reconfirmed that the Croatian Government will fulfill its commitments to the international community on refugee housing. In a September 13th meeting attended by Ambassador Bradtke and the heads of mission for the OSCE and the UNHCR, the international community received strong assurances that the target goals of providing 400 apartments outside areas of special state concern (ASSC) and 1000 apartments inside ASSC would be met by the end of the calendar year. While challenges remain ranging from the feasibility of public private partnerships in building new units to the high costs associated with purchase of existing units, we believe that the Croatian Government will make sufficient progress to enable the U.S. to support closure of the OSCE Mission in its current form.
END SUMMARY AND COMMENT

¶2. (SBU) In the meeting with Minister Kalmeta, (Ministry of Sea, Tourism, Traffic, and Development) and Minister Dropulic (Ministry for Environmental Protection, Physical Planning, and Construction - MEPPC), representatives from the OSCE, UNHCR, and relevant Croatian authorities, the international community received personal assurances from both Kalmeta and Dropulic that housing benchmarks would be met in time for OSCE closure by the end of the year. In a detailed presentation, Dropulic repeated that inside the Areas of Special State Concern (ASSC) 700 apartments had already been turned over to families, and 300 additional apartments, if not slightly more, would be ready by year end. Outside the ASSCs, the response to government tenders to purchase apartments had produced roughly 300 acceptable offers. Because of higher than anticipated costs, more money would be required for the remaining apartments. Dropulic stressed that she was "certain" the remaining apartments would be found. Kalmeta stated that by the end of the year, all of the new occupants would have the exact address and location of the apartment they are to be allocated. In the longer term, technical, legal, and financial constraints regarding the use of public private partnerships to construct refugee apartments still need to be overcome.

¶3. (SBU) Both the US Ambassador and OSCE Ambassador Fuentes welcomed the GoC's reaffirmation of its commitment to reach the 2007 benchmark of 1400 residences by the end of the year, but stressed that the promised apartments must be delivered. Fuentes noted that his staff would be personally checking the names and address that will be provided by the GoC. Fuentes further reminded Croatian officials that in the 2008-2009 period over 5600 more units must be built to remain on target. Dropulic noted that meeting 2008-2009 benchmarks

would be part of the program of the next government,
following parliamentary elections in November.
BRADTKE